



Motor Trade Association Inc

2019 ANNUAL REPORT





Audi electric battery factory, Germany.

THE MTA 2019 YEAR STARTS HERE

Contents...

President's Foreword	2
The Year's Highlights	4
MTA Facts	10
Summary Financial Statements	16



MTA President Dave Harris.

PRESIDENT'S FOREWORD

The past year has been one of ups and downs for the sector. Our dealership members have faced disruption from stinkbug infestations and falling demand for new and used cars. Sales are still high however, and new technology continues to attract customers for an upgrade. On the horizon is the final step to introducing compulsory ESC in all cars. Consultation is underway on government moves to introduce new 'clean car' incentives to reduce CO2 emissions and MTA is working with the sector to limit unanticipated consequences.

Collision repairers are boosting their throughput to make up for staff shortages and restrictive insurance company job pricing. The entry of insurance-owned repairers is causing some concern. However, those who have moved to larger premises and/or introduced

more streamlined systems and process are reporting a healthy bottom line.

For mechanical repairers, the big news of the year has been the revelation that the New Zealand Transport Agency (NZTA) had been too strongly focused on a customer service approach at the expense of proper enforcement of the inspection regime. As a result, some operators were able to continue with unsafe inspections for too long, undermining public confidence in the regime. MTA is working closely with NZTA on a transformation of the agency with renewed focus on its regulatory role, making sure there are no unintended results that would impact on members.

For our independent service station members, the year has been mixed – higher bulk prices, the falling dollar,



NZTA and MTA staff after a successful meeting.

the introduction of the Auckland fuel tax, have all had an impact. The government's Fuel Market Study attempted to shed light on the fuel pricing structure and competition within the sector, but there is still more work to be done. MTA continues to speak out on behalf of the independent operators, lobbying for the bulk fuel market to be opened and more freedom allowed within the supply contract arrangements.

Standards review: The MTA brand is members' most valuable asset for bringing in new business and we protect it by regularly reviewing our standards. In late 2018, MTA embarked on a two-year project to visit every member and check them against those standards. This will be followed by a consultative process to update the standards to better reflect 21st century expectations of professionalism, expertise, service and regulatory compliance.

Advocacy: We have had some major wins through our advocacy on behalf of members. Perhaps our biggest success was to broaden the Government's new draft road safety strategy to include a focus on vehicle safety. In their first round of discussion with us there was very little attention being paid to vehicle safety. But after hefty lobbying, we are pleased to see the new strategy, Road to Zero, has taken account of at least some of our concerns. Vehicle safety is now one of five priorities. We continue to push for further action – including raising the minimum tyre tread depth, and adding questions on vehicle maintenance to the driver licensing test.

Member support: MTA continues to serve its members in ways that will improve their businesses in many practical ways. This year we introduced a central support centre in Wellington, boosted our HR and Mediation teams, and broadened our business partnerships to bring new deals on goods and services to members. We also offer a vast range of technical and professional training to members in the regions, as well a variety of social and networking events.

The local and global shortage of qualified, skilled personnel is an ongoing challenge. MTA is supporting and leading programmes to attract more young people into trade training. This includes our partnership with



MTA supports programmes like EVelocity that encourage young people to design and build their own EVs.

ATNZ (Apprentice Training NZ) which allows members to host apprentices without the hassle of being the employer. We promote business models that make more efficient use of staff and work processes. An example is our support for the VTNZ Certified Repairer programme which offers workshops the opportunity to outsource their WoF inspections and step away from the challenges posed by the regulatory regime. Members are also encouraged to regularly review their business models to make sure they are paying technical staff at a high enough level to make the industry attractive to new, and current staff. Meanwhile, we continue to press for changes to immigration rules to allow more overseas recruitment.

Finance: Financially, MTA is in good shape. Our total revenue and investment returns are up (by \$1m), our managed funds are doing better than last year, and other investments are performing well. The net result is an increase in member funds of \$800,000. The dividends we received from our share in Dekra NZ amounted to just over \$3m, the same as last year. We are also making ongoing savings after our internal transformation project. The combined effect has allowed the Board to reduce the member base subscription by \$100 for 2019/2020 year.

My thanks to the Board, Chief Executive Craig Pomare, staff and all the members who have provided leadership and advice through their Region executive committees and advisory groups. As a result of everyone's hard work, we have enjoyed another successful year.

MTA President
Dave Harris

THE YEAR'S HIGHLIGHTS

MTA exists to add value to member businesses through training, support and advocacy. We also inspire and support environmental sustainability within the sector.



TRAINING

Service station staff training

Independent service station operators have been hungry for training that covers all their regulatory responsibilities – from health and safety through to emergency management, hazardous materials and food safety. This year, MTA partnered with ACAPMA (Australasian Convenience and Petroleum Marketing Association) to adapt its online training system to New Zealand's requirements and the result has been a runaway success. Already, the programme has been



"It means everyone is fully trained, in the same way and on the same information." Kerry Forde, head of BP Retail for Number 8 Group.

adopted by all 95 BP2Go sites, 123 GAS sites and 8 NPD sites. Another 30 independents have also picked up the training for their staff. The feedback has been overwhelmingly positive, and this staff training programme is now a permanent fixture in many service station' day to day operations.

Other training includes new sessions for used vehicle sales and our 129 WoF courses for existing and new inspectors.

Support for members comes in many forms

These include our partnership with ATNZ (Apprentice Training NZ) to provide a hassle-free apprentice to members. Our Mediation and HR staff have been boosted to meet increasing demand for wide ranging advice on health and safety, employment issues and consumer complaints. This year we also introduced free access to counselling to all members and their staff through the nationwide EAP service.

Our new business partnerships, with suppliers such as Our Auto (for technical and repair information) and group buying scheme N3 provide members with advantageous pricing and/or access to specialist services.

The MTA online resource, Toolbox, provides members with access to an ever-growing library of information, guidance, specialist documents, templates, and advice relevant to their businesses.



SUPPORT



ADVOCACY



Electric cars like those sold by EV City, Christchurch, would come with a significant 'feebate' under the governments 'Clean Car' proposals.

Clean Cars

The Government's proposals to lower CO₂ emissions within the New Zealand light vehicle fleet have the potential to shake up the car market on a scale that hasn't been since the country was opened up to used Japanese imports. MTA supports efforts to reduce emissions however, we have made strong submissions against the Clean Car Standard and Clean Car Discount proposals. Our research shows the two would work against each other.

Instead we argue for:

- A single policy setting out the CO₂ entry standards for new and imported vehicles
- Modified penalties to allow for higher emissions within higher weight classes
- Lower emission targets to make them more achievable (125 to 150g/km)
- Apply the incentives and penalties at the border, not at retail (there are far fewer importers than retailers) to reduce administrative costs and simplify processes
- Include private importers in the regime.

Unfair business to business contracts

Unfair business to business contract terms are widespread across the motor trade and MTA made a strong submission to government in a bid to even the playing field. Many of our members are small businesses subject to take it or leave it contracts, with its franchisors, insurance companies or suppliers. After consultation, the Government announced it will prohibit conduct that is 'unconscionable' – ie far beyond what is commercially necessary or appropriate. It also intends to give business contracts the same protections provided in standard consumer contracts, providing the value of the contract is below \$250,000. In the follow-up discussions, MTA is pushing for a higher cap as it is too low for businesses selling new vehicles, buying bulk fuel, or carrying out insurance paint and panel repairs.

Fuel market study

MTA provided a detailed submission and took part in several consultative meetings as part of this inquiry into the competitiveness of the retail fuel market. The Commerce Commission's draft report backed up the general belief that inflexible supply contracts, lack of transparency around pricing and discounts, and lack of access to the wholesale and distribution infrastructure were all current issues. MTA is continuing to provide advice and push for a wholesale market that would allow independent retailers to bid for competitive fuel supply arrangements.



Unmanned fuel stations are becoming an increasingly competitive component of the fuel market.



One of this year's new auto apprentices.

Vocational training review

The Government review of vocational education (trades training) proposes widespread reforms to the national system. MTA's submission and discussions with government agencies are based on the need to improve support to the student and the employer business providing the workplace training.

Road safety

We were delighted to be able to get the Government to include vehicle safety in its draft road safety strategy. It is now one of their five priorities. The new draft strategy proposes improving the safety of vehicles entering New Zealand, making sure existing vehicles are as safe as they can be (including retrofitting new technologies where appropriate), and building public demand for safer vehicles. In the next round of consultation, we are pushing for a raise in the minimum tyre tread depth to 3mm and for vehicle maintenance knowledge to be tested as part of the driver licensing regime.



Advisory group members and MTA staff enjoying a break from a planning session.

As countries take action to become more environmentally sustainable and reduce carbon emissions, MTA is promoting and supporting similar moves within the auto sector.



GOING GREENER

This year we have supported members who began demanding more sustainable packaging from suppliers, led and promoted efforts among members to recycle more tyres, participated in a long term solution to recycle bumpers and promoted a variety of 'green' recycling services to members. We are now exploring a 'green' standard for members wanting to demonstrate their commitment to reducing their impact on the environment.



Queenstown's Stewart Motors staff began rejecting the packaging spare parts arrived in from BNT. Together they found a more sustainable system that is now being rolled out nationwide.

MTA FACTS

TO END JUNE 2019

Mediation 2019

WE ADVISED ON

1,705 Disputes

Two thirds of which related to complaints about a member (up from 1450 in 2018).

OF THESE

76%

were resolved within the same month.

STAFF ALSO HELPED

36 members

prepare for 28 tribunal cases, in most cases (78 per cent) the rulings were in favour of members.

A FURTHER

23 members

were referred on for free specialist legal advice.

Training and Events



+



142
TRAINING
& EVENTS
(NON-WOF)

2,827
ATTENDEES



+



129
WOF
COURSES

1,349
TRAINEES



1,728
MEMBER
SUPPORT
OFFICER CALLS
TO MEMBERS

Membership

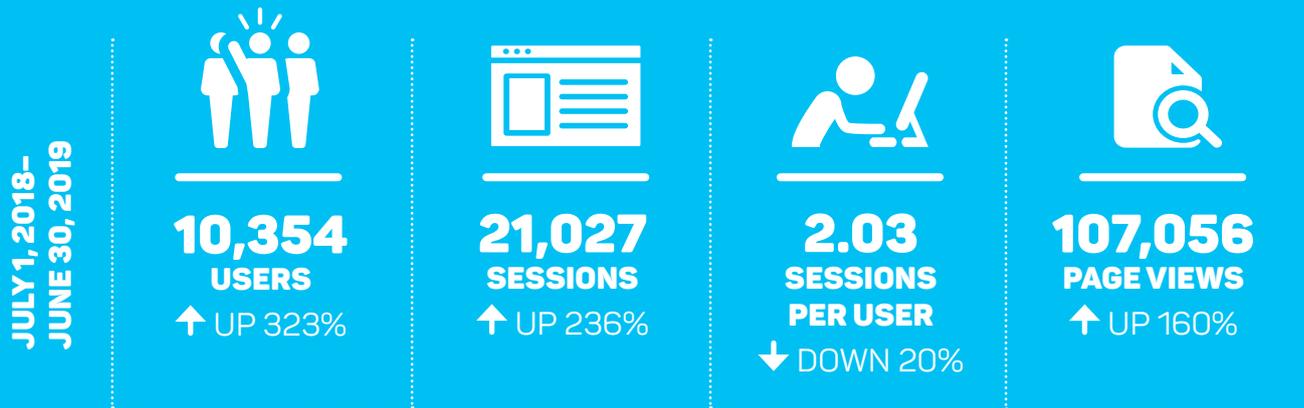


202
NEW MEMBERS

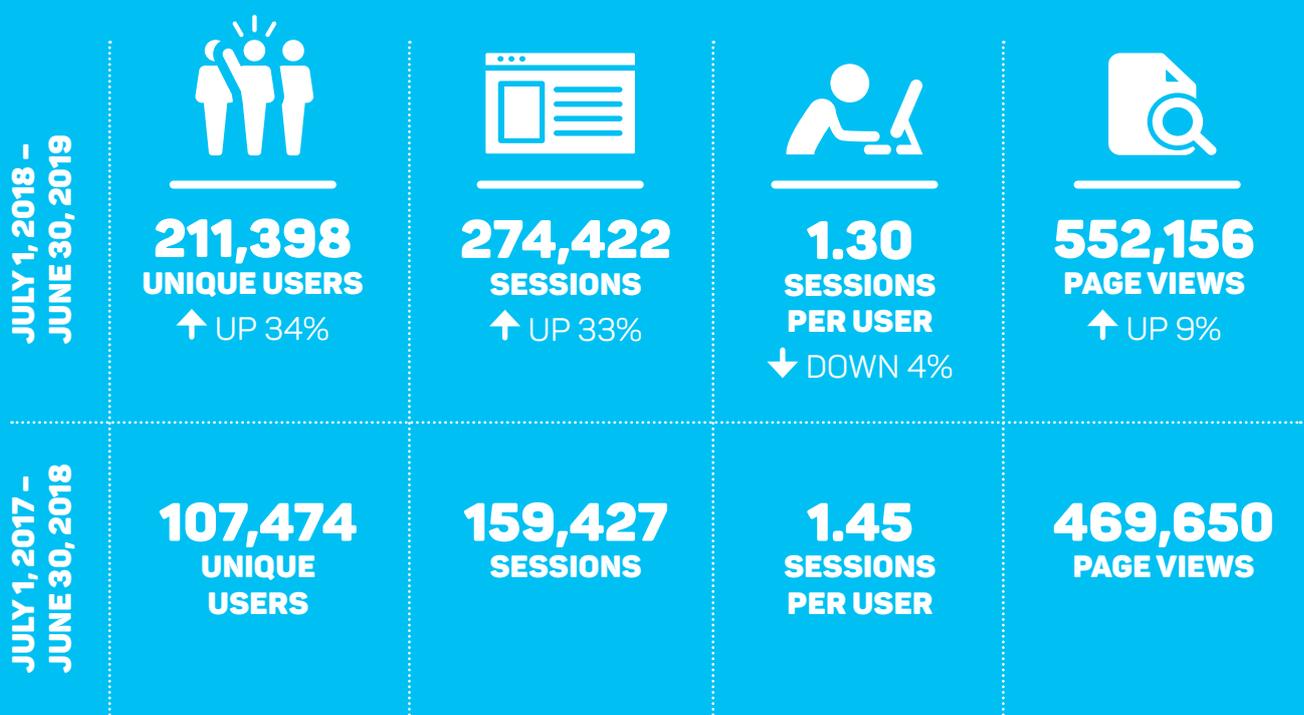


3,640
TOTAL MEMBERSHIP

Toolbox



Website



The MTA Board

Board of Directors: Board from left: Tony Allen, Bob Boniface, Jim Gibbons (Vice President), Dave Harris (President), Samantha Sharif, Sturrock Saunders.



THE YEAR'S FINANCIALS

Motor Trade Association Incorporated Group

Summary Financial Overview (unaudited)

For the year ended 30 June 2019

		2019 NZ\$'000	2018 NZ\$'000
Members Activities			
Revenue	Subscriptions	2,425	2,495
	Services & Products	1,118	1,029
	Gift Cards & Vouchers	944	951
	Commissions	332	285
Total Members Revenue		4,819	4,760
Salaries & Wages		(1,430)	(1,507)
Gift Card & Voucher Costs		(999)	(678)
Cost of Goods Sold		(372)	(301)
MTA Image		(320)	(538)
Other Costs		(1,897)	(2,271)
Operating (deficit)/surplus from member activities		(199)	(535)
Investment Activities			
	Interest Income	350	262
	Realised/Unrealised Investment returns	2,728	1,651
	Equity accounted share of Dekra NZ Ltd	2,952	2,801
Total Investment Income		6,030	4,714
Other Costs		(638)	(636)
Operating surplus from investment activities		5,392	4,078
Administration and General			
Other Revenue	Sponsorships	55	44
	Other revenue	129	410
	Gain on sale of assets	114	37
Total Other Revenue		298	491
Salaries & Wages		(2,047)	(1,904)
IT		(489)	(439)
Other Costs		(2,111)	(1,101)
Operating deficit of administration & general activities		(4,349)	(2,953)
Operating surplus/(deficit) for the year		844	590
Other comprehensive income after tax for the year*		-	3,168
Total comprehensive income after tax attributable to members		844	3,758

* For financial year 2018, unrealised investment returns were accounted for at fair value through other comprehensive income. In financial year 2019, due to the adoption of NZ IFRS 9, unrealised investment returns are recognised at fair value through profit or loss.

Motor Trade Association Incorporated Group

Consolidated Summary Statement of Comprehensive Income

For the year ended 30 June 2019

	2019 NZ\$'000	2018 NZ\$'000
Revenue	5,354	5,474
Financial assets: revaluation at fair value through profit or loss	2,728	1,651
Other gains and losses	114	37
Employee expense	(3,719)	(3,717)
Depreciation expense	(204)	(226)
Amortisation expense	(242)	(191)
Finance costs	(62)	(75)
Other expenses	(6,197)	(6,014)
Loss before income tax expense	(2,228)	(3,061)
Income tax (expense)/credit	120	850
Loss after income tax expense from continuing operations	(2,108)	(2,211)
Share of associate net profit	2,952	2,801
Gain/(Loss) attributable to members' funds	844	590
Other comprehensive income		
Available for sale investments: valuation gain taken to equity	-	3,168
Other comprehensive income after tax attributable to members	-	3,168
Total comprehensive income after tax attributable to members	844	3,758

Motor Trade Association Incorporated Group

Consolidated Summary Statement of Changes in Members' Funds

For the year ended 30 June 2019

		Financial assets at fair value through other	Capital protection reserve	Investment fluctuation reserve	Retained earnings	Total
	Special funds	comprehensive income				
Note	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
Balance at 30 June 2017	96	8,272	1,560	4,677	42,768	57,373
Total comprehensive income/(loss)	-	3,168	-	-	590	3,758
Transfer from reserves	-	-	1,017	2,713	(3,730)	-
Balance at 30 June 2018	2	96	11,440	2,577	7,390	39,628
Transition adjustment	-	(11,440)	-	-	11,440	-
Balance at 1 July 2018		96	-	2,577	7,390	51,068
Total comprehensive income/(loss)	-	-	-	-	844	844
Transfer from reserves	-	-	1,200	224	(1,424)	-
Balance at 30 June 2019	2	96	-	3,777	7,614	50,488
						61,975

Motor Trade Association Incorporated Group

Consolidated Summary Balance Sheet

As at 30 June 2019

	2019 NZ\$'000	2018 NZ\$'000
Current assets		
Cash and cash equivalents	13,349	8,849
Trade and other receivables	2,861	3,152
Other current assets	464	315
Total current assets	16,674	12,316
Non-current assets		
Investment in associate	23,445	23,599
Property, plant and equipment	293	458
Other non-current assets	41,446	44,955
Total non-current assets	65,184	69,012
Total assets	81,858	81,328
Current liabilities		
Subscriptions invoiced in advance	1,503	1,869
Other trade and other payables	1,845	1,902
Trade and other payables	3,348	3,771
Other financial liabilities	15,433	15,405
Net Investment from MTA (Northern Region) Incorporated	894	844
Other current liabilities	129	111
Total current liabilities	19,804	20,131
Non-current liabilities		
Non-current liabilities	79	66
Total non-current liabilities	79	66
Total liabilities	19,883	20,197
Total members' funds	61,975	61,131

Motor Trade Association Incorporated Group

Consolidated Summary Cash Flow Statement

For the year ended 30 June 2019

	2019 NZ\$'000	2018 NZ\$'000
Cash flows from operating activities		
Receipts from customers	4,679	4,564
Proceeds from branch advances	48	75
Payments to suppliers and employees	(9,827)	(9,680)
Other operating cash flows	490	1,150
Net cash used in operating activities	(4,610)	(3,891)
Cash flows from investing activities		
Payments for property, plant and equipment	(39)	(4)
Sales of investments	8,961	5,000
Purchase of investments	(2,848)	(3,794)
Other investing cash flows	3,036	2,806
Net cash provided by investing activities	9,110	4,008
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	4,500	117
Cash and cash equivalents at the beginning of the year	8,849	8,732
Cash and cash equivalents at the end of the year	13,349	8,849

Motor Trade Association Incorporated Group

Notes to the Summary Consolidated Financial Statements

For the year ended 30 June 2019

1. Basis of preparation of the Summary Financial Statements

The summary financial statements for Motor Trade Association ("MTA") Group have been prepared in accordance with the Financial Reporting Standard FRS - 43 : Summary Financial Statements.

The information contained in the summary financial statements has been extracted from the full financial statements authorised for issue by the Board of Directors on 24 September 2019. The summary financial statements cannot be expected to provide and do not provide as complete an understanding as provided by the full financial statements.

The full financial statements are available to members at no charge. To receive a copy of the full financial statements, you can phone MTA on 0800 001 144 or email mta@mta.org.nz.

These summary financial statements are in accordance with the recognition and measurement requirements of New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR"), but do not comply with the presentation and disclosure requirements of NZ IFRS RDR.

The full financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with NZ IFRS RDR and other applicable financial reporting standards as appropriate for profit-oriented entities. A full description of the accounting policies adopted by MTA Group is provided in the full financial statements.

The full financial statements have been audited and an unmodified opinion has been expressed in respect of the Group.

The presentation currency is New Zealand Dollar (NZ\$). The amounts in the financial statements are rounded to the nearest thousand dollar (\$'000).

The Summary Financial Statements do not include all the disclosures provided in the full Financial Statements and cannot be expected to provide as complete an understanding as the full Financial Statements.

2. Members' funds

	2019 NZ\$'000	2018 NZ\$'000
Special funds	96	96
Available for sale investments portfolio revaluation reserve	-	11,440
Capital protection reserve	3,777	2,577
Investment fluctuation reserve	7,614	7,390
Retained earnings	50,488	39,628
Total members' funds	61,975	61,131

Motor Trade Association Incorporated Group

Notes To The Summary Consolidated Financial Statements

For the year ended 30 June 2019

3. Contingent liabilities and contingent assets

There are no significant contingent liabilities as at 30 June 2019 (2018: nil).

4. Events occurring after Balance Date

There are no subsequent events occurring after balance date requiring any adjustments to these consolidated financial statements (2018: nil).

5. Directors fees

Fees paid to Directors for services during the year are as follows:

	NZ\$'000
David Harris *	109
Bob Boniface	59
Mark Darrow	12
Jim Gibbons	59
Samantha Sharif	43
Tony Allen	42
Sturrock Saunders	50
Mark Gilbert **	40
	414

* President (Motor Trade Association Incorporated Group) and Director (DEKRA New Zealand Limited).

** Director (DEKRA New Zealand Limited).

Independent Auditor's Report on the Summary Consolidated Financial Statements

To the Members of Motor Trade Association Incorporated

Opinion	<p>The summary consolidated financial statements of Motor Trade Association Incorporated and its subsidiaries (together the 'Group'), which comprise the summary consolidated balance sheet as at 30 June 2019, and the summary consolidated statement of comprehensive income, summary consolidated statement of changes in members' funds and summary consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of the Group for the year ended 30 June 2019.</p> <p>In our opinion, the accompanying summary consolidated financial statements, on pages 15 – 20, are consistent, in all material respects, with the audited consolidated financial statements, in accordance with FRS-43: <i>Summary Financial Statements</i> issued by the New Zealand Accounting Standards Board.</p>
Summary consolidated financial statements	<p>The summary consolidated financial statements do not contain all the disclosures required by New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report.</p>
The audited consolidated financial statements and our report thereon	<p>We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 24 September 2019.</p>
Directors' responsibilities for the summary consolidated financial statements	<p>The directors are responsible on behalf of the Group for the preparation of the summary consolidated financial statements in accordance with FRS-43: <i>Summary Financial Statements</i>.</p>
Auditor's responsibilities	<p>Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) ('ISA (NZ)') 810 (Revised): <i>Engagements to Report on Summary Financial Statements</i>.</p> <p>Our firm carries out other assignments for the Group in the area of taxation advice and other advisory services. These services have not impaired our independence as auditor of the Group. In addition to this, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. The firm has no other relationship with, or interest in, the Group.</p>
Restriction on use	<p>This report is made solely to the Group's members, as a body. Our audit has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.</p>

Deloitte Limited

Wellington, New Zealand, 24 September 2019

This audit report relates to the summary consolidated financial statements of Motor Trade Association Incorporated and its subsidiaries (together the 'Group') for the year ended 30 June 2019 included on the Group's website. The Directors are responsible for the maintenance and integrity of the Group's website. We have not been engaged to report on the integrity of the Group's website. We accept no responsibility for any changes that may have occurred to the summary consolidated financial statements since they were initially presented on the website. The audit report refers only to the summary consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the summary consolidated financial statements and related audit report dated 24 September 2019 to confirm the information included in the summary consolidated financial statements presented on this website.



Physical address

Level 12, Nokia House
13–27 Manners Street
Te Aro, Wellington 6011

Postal address

PO Box 9244
Marion Square
Wellington 6141

Phone: 0800 00 11 44

Fax: 0800 000 695

Email: mta@mta.org.nz

Website: www.mta.org.nz

 www.facebook.com/motortradeassociation/